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9/18/02

ACCEPTED  
Legal 303 9-18-02

STATE OF SOUTH CAROLINA

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2002-305-E

In the Matter of )

Petition of Duke Power, a Division of Duke )  
Energy Corporation, for Approval of the )  
Transfer of Property in North Carolina )

**PETITION**

Duke Power, a division of Duke Energy Corporation ("Petitioner" or the "Company"), hereby petitions the Public Service Commission of South Carolina ("Commission") for approval of the transfer of certain real estate (hereinafter "the Property" and more fully described herein and in Exhibit A), located in the Duke Power service area in North Carolina. This Petition is made pursuant to Section 58-27-1300, Code of Laws of South Carolina, (1976), as amended. In support of this Petition, the Company shows the Commission the following:

1. Its general offices are at 422 South Church Street, Charlotte, North Carolina and its mailing address is:

Duke Power  
422 S. Church Street, PBO5E  
Charlotte, North Carolina 28202

2. The name and address of Petitioner's attorney is:

Karol P. Mack  
Assistant General Counsel

Duke Power  
422 S. Church Street, PBO5E  
Charlotte, North Carolina 28202  
(704) 382-8165

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PUBLIC SERVICE COMMISSION

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorney listed above.

4. The Company is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina.

5. The Property to be sold consists of certain real estate located in Franklin, North Carolina, which is not required for future utility operations. Exhibit A provides a detailed description of the Property.

6. The Company and Phil and Sharon Drake entered into an Agreement of Purchase and Sale for the Property at a price of \$3,900,000.00. The appraisal of the current market value of the Property is \$3,700,000.00 as indicated by an appraisal letter dated September 3 2002, by J. Douglas Thrash, MAI, North Carolina Certified General Real Estate Appraiser, located in Asheville, North Carolina, attached hereto as Exhibit B. The book value of the Property is \$4,428,000. The appraised Property includes a 6.53 acre commercial site improved with a 33,497 square foot, two-story building. (A prior appraisal of the Property prepared in September 2001 indicated a market value of \$3,500,000.00 based on the conveyance of approximately 5.5 acres. The additional acreage being conveyed is based on changes to the Property since the date of the appraisal.)

7. The Property to be sold is the former corporate office for Nantahala Power and Light, which was completed in 1997. The Company purchased Nantahala Power and Light from Alcoa in 1988. In 2000, the Company began to integrate the functions within Nantahala Power and Light into the appropriate Duke Power organizations. In the summer of 2001, the Company determined that the corporate office in Franklin was no longer

needed. On July 13, 2001, an article appeared in the *Franklin Press* announcing that the office building was for sale, a copy of which is attached hereto as Exhibit C. The Company ordered an appraisal of the facility and talked with realtors and business leaders within the Franklin community. As a result of these conversations and the media attention, the Company received several inquiries about the Property.

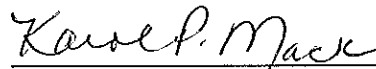
This Property adjoins the Company's larger electric operations site which the Company will continue to operate in Franklin.

8. Phil and Sharon Drake own Drake Enterprises, a major tax software developer located in Franklin, and will utilize the Property for office space.

9. The original cost of the Property being sold will be credited as a reduction of the amount carried upon the books of the Company under Account 101, Electric Plant in Service. The difference between the sale price and the original cost of the land will be applied to Account 421.10, Gain on Disposition of Property or Account 421.20, Loss on Disposition of Property.

WHEREFORE, Petitioner prays that pursuant to Section 58-27-1300, Code of Laws of South Carolina (1976), as amended, that the Commission enter an order approving the transfer of the subject Property.

This the 16<sup>th</sup> day of September, 2002.



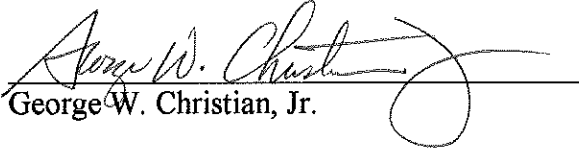
Karol P. Mack  
Assistant General Counsel  
422 S. Church Street, PBO5E  
Charlotte, North Carolina 28202  
(704) 382-8165  
Attorney for Duke Power

NORTH CAROLINA

MECKLENBURG COUNTY

George W. Christian, Jr., being first duly sworn, deposes and says:

That he is Manager, Real Estate Operations, Duke Energy Corporation; that he has read the foregoing Petition and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief, and as to those matters, he believes it to be true.

  
George W. Christian, Jr.

Sworn to and subscribed before me  
this the 16th day of ~~August, 2002~~ September, 2002.

[NOTARIAL SEAL]

  
Notary Public

My Commission Expires: October 3, 2006

### Exhibit A

Being a portion of land located in Millshoal Township, Macon County, North Carolina. Said parcel is just north of the city of Franklin and near the intersection of US Highway 23-441 and State Road 1502. Being more particular described as followed.

Beginning at an existing iron rod found near the right of way limit of US Highway 23- 441 and being the North West corner of the property to be conveyed. Thence with the general direction of said highway N 35-01-27 E, 581.82' to an existing Highway right of way monument. Thence with the line of James D. Higdon, S 06-08-39 E, 283.12' to an existing iron rod. Thence continuing with the line of James D Higdon, S 85-52-57 E, 512.99' iron rod set. Thence a new line S 20-12-48 E, 125.23' to a PK nail set at a fence corner. Thence S 12-12-32 E 26.67' to an iron rod set. Thence S 64-07-28 W 40.63' to an Iron rod set at the back of curb. Thence N 78-58-44 W, 21.76' to an Iron rod set at the back of curb. Thence N 62-01-29 W, 13.07' to an iron rod set at the back of curb. Thence N 60-31-29 W, 139.53' to a PK nail set in pavement. Thence with an existing chain link fence the following 19 courses S 71-47-20 W, 179.92' to set iron rod. Continuing with the fence S 67-15-25 W, 19.84' to a set iron rod. Continuing with the fence S 63-47-32 W, 19.76' to a set iron rod. Continuing with the fence S 61-04-22 W, 19.38' to a set iron rod. Continuing with the fence S 54-58-03 W, 19.85' to a set iron rod. Continuing with the fence S 50-26-30 W, 19.68' to an set Iron rod. Continuing with the fence S 47-00-07 W, 19.95' to an set iron rod. Continuing with the fence S 43-43-49 W, 19.86' to an set iron rod. Continuing with the fence S 41-06-03 W, 20.10' to an set iron rod. Continuing with the fence S 35-53-37 W, 8.60' to an set iron rod. Continuing with the fence S 72-57-43 W, 189.15' to a set iron rod. Continuing with the fence S 69-20-21 W, 29.57' to a set iron rod. Continuing with the fence S58-59-29 W, 9.17' to a set iron rod. Continuing with the fence S 43-12-32 W, 9.88' to an set iron rod. Continuing with the fence S 28-01-18 W, 8.66' to an set iron rod. Continuing with the fence S 01-33-16 E, 30.86' to a set iron rod. Continuing with the fence S 14-58-09 E, 98.00' to an set iron rod. Continuing with the fence S 20-10-52 W, 71.50' to an set iron rod. Continuing with the fence N 72-51-42 E, 40.64' to a set iron rod near a gatepost. Thence leaving the fence S 19-31-31 E, 78.70' to a PK nail set in the pavement. Thence in a curve to the right having a radius of 22.15' a curve length of 35.95', a chord of S 26-57-59 W and distance of 32.13' to a PK nail set in the pavement. Thence S 73-27-29 W, 130.11' to a PK nail set in the pavement and having a North Carolina State Plane NAD 83 coordinate of North 561,563.896' and an Easterly coordinate of 698,230.103'. Thence with a paved road N 65-14-03 W, 118.57' to PK nail set in the pavement, and passing a PK nail at 58.57'. Thence leaving the paved road in a curve to the right having a radius of 160.00', a curve length of 102.34' a chord of N 43-05-40 E, and a distance of 100.63' to an iron rod set at the margin of state road number 1502. Thence N 61-25-23 E, 6.19' to a point in state road 1502. Thence with the westerly edge of state road. 1502, N 28-43-57 W, 20.86' to a point in the westerly edge of state road 1502. Thence continuing with the westerly edge of the state road 1502, N 28-34-10 W, 166.39' to an iron rod set. Thence crossing state road 1502, N 61-25-09 E, 30.96' to an existing iron rod. Thence N 00-02-05 E, 114.00' to an existing right of way monument. Thence N 28-28-52 W, 76.03' to an existing iron rod, being the point and place of beginning.

Parcel being a portion of the property formerly owned by Nantahla Power and Light and now owned by Duke Energy Corporation recorded in Deed Book I-20 Page 527, Deed Book D-16, Page 151 and Deed Book T-20, Page 1861. All as shown on a plat prepared by G. L. Sprinkle, PLS reference drawing number 3838A and having an area of 6.53 acres and Recorded in the Macon County Register of Deeds in Plat Card 3646. Recorded August 27<sup>th</sup>, 2002.

Duckworth, Jacobs, Naeger,  
Swicegood & Thrash, LLC  
Real Estate Appraisers  
and Consultants

W. T. Duckworth, Jr., MAI, Ret.  
Richard J. Jacobs, MAI  
Francis J. Naeger, MAI  
Robert M. Swicegood  
J. Douglas Thrash, MAI  
Richard L. Smith, SRA  
Gary T. Wilde  
Ricky D. McClure

September 3, 2002

John S. Bush  
Real Estate Representative  
Duke Energy Corporation  
301 NP&L Loop  
Franklin, North Carolina 28734

Re: Appraisal of real property  
Duke Energy Corporation – Franklin office  
301 NP&L Loop  
Franklin, North Carolina 28734

Dear Mr. Bush:

In accordance with your request, I have made an appraisal of the above referenced property for the purpose of estimating the current market value of the fee simple interest in this property, as of August 21, 2002, the date of inspection. In developing the appraisal, I have made an inspection of the property, gathered the appropriate data, and conducted the investigations necessary to form an opinion of market value. The following report outlines the most pertinent data assembled, and includes discussions of the analyses and conclusions.

The appraised property includes a 6.53 acre commercial site improved with a 33,497 square foot, two story, office building. This includes 2.69 acres that have been identified as excess to the area needed to support the existing improvements. It is understood that the purpose and intended use of the appraisal and report is to assist in decisions pertaining to pending sale of the property, and to address any other issues regarding proper management and disposition of the asset.

As a result of the appraisal and analyses, it is my opinion that the value of the fee simple interest in the property identified as the Duke Energy Corporation office, located at 301 NP&L Loop in Franklin, North Carolina, in fee simple, as of August 21, 2002, is:

**THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS**  
**(\$3,700,000)**

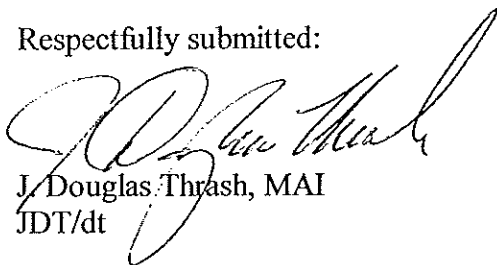
This value includes excess land, with overall value allocated as follows:

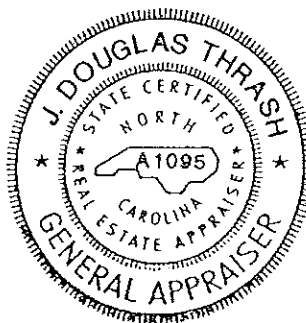
Value of improved property	\$3,440,000
Value of excess land	<u>260,000</u>
Total value	\$3,700,000

The appraisal has been completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) as published by the Appraisal Foundation in accordance with the Financial Institutions Reform, Recovery, and Enforcement Act Of 1989. By USPAP definition, this is a self-contained appraisal report of a complete appraisal, and is intended to comply with the requirements set forth under Standards Rule 2-2(a). Please note the assumptions and limited conditions beginning on Page 4.

Thank you for the opportunity to provide this appraisal service.

Respectfully submitted:

  
J. Douglas Thrash, MAI  
JDT/dt



# Duke's local headquarters for sale

Franklin Press 7/13/2001



By Doug C. Niedenthal  
staff writer

For sale: A modern, 35,000-square-foot office building situated on approximately five acres near Franklin on U.S. 441 North.

A comparable real estate listing will soon describe the Duke Power building, a structure that architecturally dominates the northern entrance to Franklin. The building, which once served as corporate offices for Nantahala Power & Light Co., is now on the market.

The modern structure, built in 1997, housed NP&L's corporate offices until Duke Power bought

NP&L from Alcoa in 1988.

Duke Power, a subsidiary of Duke Energy, continued to operate the smaller utility as a separate company until last year, when NP&L became Duke Power-Nantahala Area.

Now, Duke Power has put the former NP&L headquarters building up for sale.

"As part of a larger utility, we no longer need to duplicate locally such functions as accounting, training, safety, purchasing and personnel," Fred Alexander, district manager Duke Power-Nantahala Area, said in a statement Thursday. "Integrating NP&L operations fully into Duke Power allows us to offer improved efficiencies and services through new tech-

nologies."

Alexander said the continuing evolution of the organization reflects changes in the national electric industry.

Those changes will affect Duke Power's local employees.

Alexander said the management offices for some functions, such as hydroelectric maintenance, lake management and hydroelectric relicensing, have already moved to a building near the Nantahala generating plant in western Macon County.

Although Duke Power has avoided layoffs during the transition, the company has changed many employees' jobs and their locations.

See HEADQUARTERS, Page 3A

## Headquarters

From Page 1A

Some local functions will move to the Franklin operations center — smaller buildings adjacent to the larger building that's up for sale.

"Because of these changes, we need less office space in the Franklin area and have decided to sell the headquarters building," Alexander continued. "Most of our current functions can be moved to other buildings at our Franklin operations center."

Because the sale process is in its early stages, Alexander said company officials haven't settled on an asking

price. That will eventually be determined by its market value, based comparable sales determined by an appraisal.

Steve Bush, a property manager for Duke Power who will handle the sale, could not be reached for comment Thursday.

Duke Power is one of the nation's largest electric utilities. It provides electricity to approximately two million customers in North and South Carolina.

Duke Power-Nantahala Area serves 60,000 area customers.